

ATLAS

PEARLS

ASX Release
31 January 2020

Atlas Pearls: December 2019 Quarterly Update and Appendix 4C

Atlas Pearls Ltd (ASX: ATP) ("Atlas" or "the Company") today announces an update for the Quarter Ending 31 December 2019.

October to December 2019 Quarterly Results

Key items to note for the quarter are:

- Sales events for the quarter delivered revenue of \$5.7m which is in line with expectations.
- During the quarter the Company conducted two auction events in October and December. The auction events were hosted by Japan Pearl Exporters Association and located in Kobe, Japan. Both events were well attended and the overall demand for quality white coloured pearls continues to be strong.
- The Company does not seed during the wet season. Actual seeding numbers were below budget by 32%, however, this is not significant against the full year target which is still expected to be achieved.
- As announced on 19 September 2019 the Company introduced new Standard Operating Procedures as part of a continuous improvement program. During the quarter new operating procedures were introduced to focus on pearl quality.

January to March 2020 Outlook

Key items of note for January to March 2020 are:

- The next auction event will be held in Kobe in April 2020. Sales events are now also fixed for Hong Kong from 28 February to 4 March and 24 to 25 March 2020.
- The Company has stock levels of loose pearls which are expected to be sold over the coming months via trade or wholesale events.
- To better align the Company's financial commitments with the timing of the expected sales receipts, the Company has negotiated the following:
 - Atlas has secured a 30 day increase in the NAB overdraft facility of \$250k taking the facility to \$1.75m for the period 11 February – 11 March 2020.
 - The Company has reached agreement with its related party lender to defer the scheduled repayment of \$750,000 due on 1 February 2020 to 5 March 2020. Interest will continue to accrue on the outstanding amounts at the same rate as per the existing Varied Loan Agreement.

This announcement was approved for release by the Board of Atlas Pearls Ltd.

Investor & Media Queries:

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ABOUT ATLAS PEARLS LTD

Atlas Pearls Ltd (ASX: ATP) is an Australian listed pearling business with core operations in Indonesia established in 1992. Atlas has earned an enviable reputation as a world leading pearl producer of “the queen of all gems”, the South Sea pearl, specialising in high quality white and silver pearls. Atlas operates pearl farms spread across the Indonesian archipelago, including Bali, Flores, and West Papua. Atlas is a fully integrated business including hatchery, seeding, harvesting, grading, trading, design and manufacturing capabilities to sell directly to customers through wholesale partners and via its retail outlets.

The Company is also involved in the production and transformation of essential oils as well as other plant grown active ingredients extraction and value adding via its Tasmanian based 50% owned subsidiary Essential Oils of Tasmania (EOT).

Atlas has been involved since its inception in managing active community relationships in Indonesia in the areas of environment protection, education and alternative livelihood programs.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

ATLAS PEARLS LIMITED

ABN

32 009 220 053

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		5,686	7,790
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(2,502)	(4,629)
(c) advertising and marketing		(58)	(132)
(d) leased assets		(100)	(146)
(e) staff costs		(784)	(1,549)
(f) administration and corporate costs		(563)	(1,755)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		24	27
1.5 Interest and other costs of finance paid		(51)	(126)
1.6 Income taxes paid		(67)	(161)
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		1,585	(680)

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(302)	(616)
(b) businesses		(129)	(129)
(c) investments		-	-
(d) intellectual property		-	-
(e) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(431)	(745)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	454	3,632
3.6	Repayment of borrowings	(917)	(1,018)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	Repayment of Lease Liabilities	(247)	(247)
3.10	Net cash from / (used in) financing activities	(710)	2,367

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,239	1,017
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,585	(680)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(431)	(745)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(710)	2,367

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(311)	(587)
4.6	Cash and cash equivalents at end of quarter	1,372	1,372

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,372	1,239
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,372	1,239

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
(45)
-

Payment of Directors' Fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.5
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
(47)
-

Interest paid on shareholder loan.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
- NAB Business Overdraft	1,500	304
- Short term loan	2,625	2,625
- Shareholder loan	2,500	2,500
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	135	135
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities include as below:

- Business Overdraft facility of \$1.5M provided by NAB which was drawn to \$1.3M at 30 September 2019 and is drawn to \$304K at 31 December 2019.
- Short term loan of AUD equivalent of JPY200M provided by a commercial partner.
- Shareholder loan of \$2.5M provided by Boneyard which is repayable in staged repayments by 30th October 2020 at 7.5% interest rate.

Other includes Premium Funding for insurances.

9. Estimated cash outflows for next quarter *	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(2,015)
9.3 Advertising and marketing	(80)
9.4 Leased assets	(63)
9.5 Staff costs	(1,770)
9.6 Administration and corporate costs	(750)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(4,678)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(~~Director~~/Company secretary)

Date: 31 January 2020

Print name: Susan Hunter

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.